Manitoba

ANNUAL REPORT

1986-87

Manitoba
Horse Racing
Commission

MANITOBA HORSE RACING COMMISSION

D.F. Williams, Q.C. Chairman
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June 19,1987

The Honourable Maureen Hemphill
Minister of Business Development
and Tourism
Room 215
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

The undersigned has the honour to present the Twenty-First Annual Report of The Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 1987.

Yours truly,
MANITOBA HORSE RACING COMMISSION

D F Williams

Dan F. Williams, Q.C.
Chairman
DFW/mm

TWENTY-FIRST ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

for the year ending March 31, 1987

COMMISSIONERS

Dan F. Williams,Q.C.	Chairman	Selkirk
Morris Kaplan	Vice Chairman	Winnipeg
Irene Bauman	Member	Minto
Ian Mackenzie	Member	Portage la Prairie
Jack Philpot	Member	Winnipeg

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TWENTY-FIRST ANNUAL REPORT

THE HORSE RACING COMMISSION

General

This report covers the twelve months ended March 31, 1987.

Thoroughbred Racing

The 1985 Thoroughbred Meet at Assiniboia Downs had shown some dramatic increases over previous years due to the take-out reduction program implemented by the joint efforts of Assiniboia Downs, the Horsemen's Benevelent and Protective Association and the Manitoba Government. The 1986 Thoroughbred Meet concluded on a successful note, but a leveling trend from the previous year was indicated. The total betting handle increased slightly over 1985, but the daily average handle was reduced somewhat due to the addition of two race days in 1986 over 1985. However, it is fair to note that the daily statistics are somewhat misleading since, on three separate occasions during the Meet, the balance of a day's card had to be cancelled after the second or third race as a result of a computer malfunction in the one instance, and power outages in each of the remaining two instances, and on a fourth occasion the day's card was cancelled after the third race as a result of weather conditions making the track unsafe for continued racing. Since racing had opened on each of these four occasions, the days are included as race days in arriving at a daily average, but it is estimated approximately one million three hundred and seventy five thousand ($1,375,000) dollars was lost from the aggregate handle for the four days in question with a resultant significant decrease in the daily average wagering.

The Thoroughbred Breeding program instituted as a joint effort of the Manitoba Government and the Canadian Thoroughbred Horse Society would appear to be paying dividends as the quality of Manitoba bred horses racing at Assiniboia Downs improved remarkably, as has the quality of horses from elsewhere coming to Manitoba. One result has been a steady increase in the size of purses offered for individual races.

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Standardbred Racing

The fall/winter meet at Assiniboia Downs benefited from an unusually mild winter, but at the same time the record November blizzard and bitter cold in January resulted in a loss of five (5) racing dates. Moreover, the weather on a disproportionatly large number of the remaining race dates, although not cold or severe enough to result in cancelled races, was such as to discourage highway travel and seemed to result in lower attendances and wagering notwithstanding the aggressive marketing programs adopted by the track. As a result, it is estimated that there was a decrease in betting handle over 1985/1986 winter meet of approximately two million ($2,000,000) dollars.

Notwithstanding the drop in handle, a critical overpayment of purse money was avoided as the result of Assiniboia Downs completing installation of a link- up telecommunication facility shortly after the inception of the 1986/1987 Harness Meet which enabled it to simulcast all the live harness racing from Assiniboia Downs to Regina and Saskatoon in Saskatchewan. The Simulcast wagering in Saskatchewan on Manitoba races exceeded five million ($5,000,000) dollars and a respectable portion of the monies wagered in Saskatchewan was returned to Assiniboia Downs in Manitoba and was shared between the Downs and purse support for the live racing in this Province.

The Manitoba Great Western Harness Circuit report an increase in the total handle wagered during 1986, attributable in the main to the fact that only four days were lost to inclement weather during 1986 as opposed to the seven days lost during the previous year. However, an unusually cool summer and straitened economic circumstances in rural areas resulted in a significant decline in daily attendance and overall wagering. Notwithstanding these circumstances, participation by horsemen and associated groups remained steady and all concerned remain optomistic about the future of the circuit.

Quarter Horse Racing

Quarter Horse racing was held in Rossburn and at Assiniboia Downs during the year, but no significant changes in the daily handle were noted.

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Future Outlook

The Horse Racing Industry in Manitoba would seem to have survived, and even benefited from, increased competition in the form of the legalization of Pari-Mutuel racing in the State of Minnesota and the construction and operation of Canterbury Downs in the Minneapolis-St.Paul area. However, new and increased competition for both horse supply and fan support is to be expected from the recent legalization of Pari-Mutuel racing in the State of North Dakota, and the proposed construction of a Thoroughbred Race track in the Little Falls, Minnesota area, and proposed Harness tracks in Minnesota and North Dakota, in fairly close proximity to the Canadian border. In addition, Regina in Saskatchewan has opened a first class racing plant at Regina at a cost in excess of ten million ($10,000,000) dollars, and is contemplating a winter harness meet in competition with Manitoba.

However, the principal challenge to be met by the industry at this time is not from competition within. The comparatively recent advent of other forms of legalized wagering such as lotteries and casinos has resulted in the horse racing industry losing its wagering monopoly. Moveover, the sports fan has an extensive selection of alternate major league sporting events to choose from, both live and televised, due to a rapid expansion of major league franchises and concurrent lenghthening of schedules in all sports, and of course the telecommunication industry offers a host of at-home entertainment options which, with today's rapidly changing life styles has meant a steady drain of on-track patrons. In Manitoba, the mood of all facets of the industry is guardedly optimistic and it is expected that with careful planning and proper guidance the industry can continue to provide significant benefits to the Province of Manitoba. A recent study commissioned by the various organizations active in bringing the sport to Manitoba residents, including the Commission, seems to justify the attitude of the industry that it continues to play a significant economic and recreational role for the Province. The study indicates that the sport of racing enjoys a higher level of attendance than professional hockey, professional football and most other major Winnipeg events. The study further seems to substantiate the feeling of the industry that there are a large number of Manitoba residents deriving economic benefits from the industry, directly as employees or participants or otherwise, or indirectly as suppliers of goods and services, and many of those involved in the industry are totally dependant upon the industry for their economic support. Employment statistics in the racing industry compare to the numbers employed in the forestry, dairy products, beverage and feed industries in this Province. It would seem from the study that the sport continues to be a significant tourist attraction for the City of Winnipeg and the Province of Manitoba.

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While a number of old, established, Canadian race tracks have closed during the past year, the private sector owners and operators of Assiniboia Downs have demonstrated their confidence in the future of the industry by embarking on a multi-million dollar improvement program during which the initial phase has witnessed the completion of additional barns and improvements in the backstretch area; a major extension and improvements to the clubhouse including the expansion and renovation of the dining facility resulting in an enlarged first class facility; and installation of escalators in the new front entrance which had been added to the grandstand area. One of the factors giving rise to optimism in the industry throughout North America is the opportunity through modern communication and computer technology to permit the industry to take its sport into the homes and communities of those people not fortunate enough to live in proximity to a major race track. This development has special significance for the Province of Manitoba due to its population being divided between one large city housing the only major race track in the Province, and the remaining population being scattered throughout the widespread rural and northern areas of the Province. As a result approximately half of the residents of this Province have not had the opportunity to enjoy live racing without incurring the considerable expense and loss of time required to travel to the track from their rural location. In recognition of this situation, Assiniboia Downs was among the first tracks in Canada to install telecasting up-link facilities which enable it to send its live races via satellite throughout North America, and, in addition, to telecast its races live to homes throughout Manitoba where cable television is available. It is anticipated that amendments to the Criminal Code of Canada will be made during the current year to allow, subject to Provincial approval and licensing, off-track theatre locations where fans in rural areas can gather to enjoy live racing coming from Assiniboia Downs which will also afford those fans the opportunity to bet on the races if they so wish, and Assiniboia Downs currently has an application before the Canadian Radio-Television Telecommunications Commission for permission to broadcast its live races through cable television to private homes in this Province. These innovations will allow existing racing fans throughout the Province to enjoy their sport even when they do not reside in or near the City of Winnipeg, and will also allow the industry to expose its sport to new fans which should ensure its future and improve the economic benefits flowing to the industry and to the Province.

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Security

The Commission during this period undertook to review its security program with a view to maintaining and enhancing the existing high standard of safety and integrity enjoyed by the racing industry in this Province. In keeping with the decision to increase the emphasis on security, a Director of Security was engaged by the Commission.

Midway through this reporting period, as part of its security and safety program, the Commission introduced human drug testing and increased the frequency of alcohol breathalyzer testing for most active participants in the sport. The Commission determined to concentrate on education, prevention, and rehabilitation in these areas as opposed to punishment, and worked very closely with all horsemen's groups sharing concerns about the well-being of the industry. With a view to balancing individual rights with the needs of the industry, the Commission undertook extensive consultations before implementing its programs, and this approach has resulted in an excellent spirit of co-operation with the industry, which in turn has resulted in the Commission experiencing a rate of usage of illegal and alcohol decidedly lower than the national average. During this period, approximately 77 samples were analyzed for drug use resulting in only 1 positive finding for Marijuana and well over 3,000 breathalyzer tests were administered resulting in only 3 findings of an alcohol content higher than the permissible level (which for Commission purposes is set at .03 as opposed to highway driving permissible levels of .08). It is felt that this program has reduced markedly the number of on-track accidents occuring during Thoroughbred, Quarter Horse and Standardbred races in this Province.

Rulings, Fines & Appeals

The Thoroughbred Meet saw 143 rulings issued which resulted in 87 fines totalling $4,800 and 25 suspensions for a total of 105 days and 11 indefinite suspensions. There were 7 appeals of which none were upheld, 3 were withdrawn by the applicant and 4 were denied.

The Standardbred Meet saw 192 rulings issued which resulted in 188 fines totalling $14,185.00 and 8 suspensions for a total of 30 days, 4 suspensions for the balance of the race meet and 1 six month suspension. There were 6 appeals of which 2 were not contested by the Board of Judges and 4 were denied.

Drug Control (Equine)

There were 4 positive findings during the Thoroughbred Meet and 2 during the Standardbred Meet. All medications involved were therapeutic, and were not stimulants designed to affect the outcome of the race, and the Commission was satisfied all were the result of careless medication practises.

Statistical Information

Prior years statistics have been restated to conform with 1986/87 format. Statistics supplied by outside parties have not been verified by Commission.

SCHEDULE A

Thoroughbred Racing - Assiniboia Downs

	1986	1985
Pari-Mutuel Handle	$39,920,435	$39,427,949
Number of Race Days	110	108
Average Daily Handle	$ 362,913	$ 365,074
Attendance	395,646	393,032
Average Daily Attendance	3,597	3,639
Per Capita Wagering	$ 101	$ 100
Gross Purses	$ 3,760,430	$ 3,378,925
Number of Races	1,069	1,039
Per Race Purse Average	$ 3,518	$ 3,401
Federal Takeout	$ 319,363	$ 315,423
Provincial Takeout	$ 3,604,125	$ 3,601,206

Provincial Support Program

	1986	1985
3% Prov Govt. Rebate	$ 1,197,613	$ 1,182,839
Purse Support (Overnight)	1,402,858	1,406,322
Purse Supplements	227,311	337,340
Breeder Takeout Support	63,873	63,085
Purse Stakes Support	100,500	95,500
Breeders Awards	132,944	70,920
Stallion Awards	31,427	28,560
C.T.H.S. Administration	35,000	35,000
TOTAL:	**$ 3,191,526**	**$ 3,219,566**

SCHEDULE B

Standardbred Racing - Assiniboia Downs

	1986/87	1985/86
Pari-Mutuel Handle	$15,996,149	$17,842,464
Race Days	100	105
Average Daily Handle	$ 159,961	$ 169,928
Attendance	128,216	141,068
Average Daily Attendance	1,282	1,344
Per Capita Wagering	$ 125	$ 125
Total Purses	$ 1,432,610	$ 1,653,416
Number of Races	1,187	1,250
Per Race Purse Average	$ 1,207	$ 1,322
Federal Takeout	$ 127,969	$ 142,740
Provincial Takeout	$ 1,489,619	$ 1,746,545

Provincial Support Program

	1986/87	1985/86
Purse Support (Overnight)	$ 622,983	$ 639,965
Sires Stakes	170,000	160,000
Breeders Awards	63,667	64,139
Owners Awards	63,672	64,195
M.S.S.B.A. Administration	10,000	10,000
TOTAL:	**$ 930,322**	**$ 938,299**

SCHEDULE C

Standardbred Racing - Rural Circuit

	Racing Days		Amount Wagered	
	1986	1985	1986	1985
Carberry	2	2	$ 57,187	$ 56,400
Carman	-	3		69,346
Dauphin	3	-	79,383	-
Deloraine	2	2	62,554	66,530
Glenboro	2	2	64,229	67,788
Holland	2	2	44,056	68,978
Killarney	3	2	109,749	64,898
Minnedosa	2	1	70,362	31,880
Pilot Mound	3	3	75,690	58,850
Portage	4	4	142,787	137,182
Russell	2	1	32,619	19,118
Virden	3	4	64,406	111,856
Wawanesa	2	2	59,339	63,156
Miami	2	-	49,035	
TOTALS:	**32**	**28**	**$911,396**	**$815,982**

Other Comparative Statistics

	1986	1985
Attendance	35,444	44,187
Average Daily Attendance	1,108	1,578
Gross Purses	$ 342,673	$ 299,272
Per Race Purse Average	$ 1,074	$ 1,125

Provincial Support Programs

	1986	1985
Purse Supplements	$ 149,625	$ 120,588
Breeders/Owners Awards	62,900	63,900
Sires Stakes	20,000	20,000
Capital Grants	19,957	29,351
TOTAL:	**$ 252,482**	**$ 233,839**
Per Capita Wagering	25.71	18.47

SCHEDULE D

Quarter Horse Racing

	1986	1985
Pari-Mutuel Handle		
Rossburn	$8,910	$4,596
Racing Days		
Rossburn	2	1
Provincial Support Program		
Purse Supplements	$5,500	$8,100
Sires Stakes	4,000	2,000
TOTAL:	$ 9,500	$10,100

SCHEDULE E

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 1987.

Licenses	Thoroughbred	Standardbred
Owner	922	305
Owner/Trainer	152	84
Owner/Driver	-	9
Trainer	48	11
Assistant Trainer	10	1
Owner/Trainer/Driver	-	88
Jockey	44	-
Apprentice Jockey	62	-
Driver	-	15
Driver/Trainer	-	7
Jockey Agent	19	-
Veterinarians	4	2
Official	5	10
Tradesmen	31	30
Backstretch	367	87
Association Employees	240	153
Sponsored Person	748	223
Assistant Veterinarian	5	-
Quarter Horse Asst. Jockey	2	-
Quarter Horse	103	-
TOTAL LICENSES ISSUED:	**2762**	**1025**

Registrations	Thoroughbred	Standardbred
Partnerships	249	31
Stable Names	166	6
Colours	39	
Leases	6	
Authorized Agents	218	62
Open Claims	19	

Manitoba

THE HORSE RACING COMMISSION

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A, B, C and D, of The Horse Racing Commission for the year ended March 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As explained in note 3, the Commission has entered into an arrangement with Assiniboia Downs, the Horsemen's Benevolent and Protection Association, Manitoba Region, and the Canadian Thoroughbred Horse Society, Manitoba Division, whereby Assiniboia Downs has agreed to make certain capital improvements to the racetrack. In exchange, the Commission has agreed to forgive accounts receivable of $47,653 upon satisfactory completion of the capital improvements. The Commission retains the right to collect the receivable in the event that the capital improvements are not satisfactorily made by October 1, 1987. In our view, the nature of the arrangements is that of a conditional grant which will be recoverable only if the capital improvements are not completed as intended. This transaction should be disclosed as a conditional grant in the Statement of Revenue and Expenditure. The effect of the disclosure of this item as a receivable is to overstate assets and the reserve for future costs by $47,653 as at March 31, 1987 and to understate the excess of expenditures over revenue by $47,653 for the year ended March 31, 1987.

In our opinion, except for the effect of the matter described in the preceding paragraph, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, C.A.,
Provincial Auditor.

May 15, 1987,
Winnipeg, Manitoba.

Exhibit A

THE HORSE RACING COMMISSION

Balance Sheet
as at March 31, 1987
(with 1986 figures for comparison)

	1987	1986
ASSETS		
Current assets:		
Cash on hand and in bank	$ 216,437	$ 64,734
Accounts receivable arising from 1982 temporary track closure (Note 3)	47,653	47,653
Grant receivable - Government of the Province of Manitoba	12,500	24,056
Prepaid expenses	405	1,696
	$ 276,995	$ 138,139
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 28,961	$ 31,526
Advance - Government of the Province of Manitoba	180,000	35,000
Deferred revenue	12,060	8,940
	221,021	75,466
Reserve for future costs, Exhibit C	55,903	3,500
Funds available for future operations, Exhibit C	71	59,173
	$ 276,995	$ 138,139

Exhibit B

THE HORSE RACING COMMISSION

Statement of Revenue and Expenditure
for the year ended March 31, 1987
(with 1986 figures for comparison)

	1987	1986
Revenue:		
Grant from the Government of the Province of Manitoba	$ 434,018	$ 290,000
Fees, licenses and fines (Note 4)	143,895	142,052
Interest	12,178	11,790
Sundry	284	1,496
	590,375	445,338
Expenditure:		
Advertising and promotion	3,567	720
Building renovations	713	-
Commissioners' per diem and honoraria	45,125	25,044
Employee benefits	23,288	17,542
Equipment and office furniture	573	9,133
Equipment rentals	9,830	12,732
Health and post secondary education tax levy	4,897	5,039
Hearings and appeals	10,353	11,335
Identification supplies	20,910	8,148
Memberships and dues	5,315	4,717
Office	9,024	12,349
Professional fees	40,153	27,359
Recruiting costs	4,767	4,626
Repairs and maintenance	10,072	7,767
Research grant	5,000	5,000
Salaries:		
Administration	107,366	114,029
Security	12,419	4,335
Stewards and judges	185,109	168,251
Veterinarian services	58,884	61,699
Sundry	138	22
Telephone	6,630	7,506
Training costs - salary and travel	-	18,250
Travel	32,941	14,724
	597,074	540,327
Revenue under expenditure. Exhibit C	$ 6,699	$ 94,989

Exhibit C

THE HORSE RACING COMMISSION

Statement of Reserve and Funds Available For Future Operations
as at March 31, 1987
(with 1986 figures for comparison)

	1987	1986
Reserve For Future Costs		
Balance, beginning of year	$ 3,500	$ -
Less, transferred to funds available for future operations	(3,500)	-
Add, appropriated from funds available for future operations	55,903	3,500
Balance, end of year, Exhibit A	$ 55,903	$ 3,500
Funds Available For Future Operations		
Balance, beginning of year	$ 59,173	$ 157,662
Add, transferred from reserve for future costs	3,500	-
	62,673	157,662
Less, excess of expenditure over revenue, Exhibit B	6,699	94,989
Appropriated to reserve for future costs	55,903	3,500
	62,602	98,489
Balance, end of year, Exhibit A	$ 71	$ 59,173

Exhibit D

THE HORSE RACING COMMISSION

Statement of Government Grant Receipts and Disbursements
for the year ended March 31, 1987
(with 1986 figures for comparison)

	1987	1986
Grant received from the Government of the Province of Manitoba	$ 4,383,830	$ 4,388,743
Grants disbursed:		
Thoroughbred		
Overnight purse support	2,600,471	2,589,161
Owners/Breeders incentive	556,055	595,405
C.T.H.S. administrative grant	35,000	35,000
Standardbred		
Overnight purse support	622,983	639,965
Owners/Breeders incentive	297,339	288,334
M.S.S. & B.A. administrative grant	10,000	10,000
Standardbred rural		
Overnight purse support	149,625	120,588
Owners/Breeders incentive	62,900	63,900
Stakes program	20,000	20,000
Capital grants	19,957	29,351
Quarter horse		
Overnight purse support	5,500	8,100
Stakes program	4,000	2,000
	4,383,830	4,401,804
Disbursements over receipts	-	13,061
Undistributed grants - beginning of year	-	13,061
Undistributed grants - end of year	$ -	$ -

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1987

1. Nature of the operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba. In addition, the Commission acts as a conduit for support grants between the Government of the Province of Manitoba and the horse racing industry.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Consequently, the Commission will not experience an operating deficit. Administrative grant monies drawn down in excess of actual expenses are retained by the Commission as "funds available for future operations". However, such funds available for future operations reduce subsequent administrative grant requirements.

2. Significant accounting policies

An accrual basis of accounting is followed except for:

i) Capitalization and depreciation

The costs of building renovations, purchases of equipment and office furniture, are charged directly to operations. Accordingly depreciation is not provided for in the accounts.

ii) Pension liability and expense

In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Commission contributes 50% of the pension disbursement made to retired employees. Such payments are to be charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded liability for the Commission's employees amounted to $95,760 as at December 31, 1986 ($73,517 - December 31, 1985).

iii) Support grants

Support grants are recorded on a cash basis and are reflected separately (Exhibit D) from the general administrative activities of the Commission.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1987

3. Accounts receivable arising from 1982 temporary track closure

An agreement dated July 21, 1982 between the Horsemen's Benevolent and Protective Association (H.P.B.A.), the Canadian Thoroughbred Horse Society (C.T.H.S.) and The Horse Racing Commission provided for the payment of amounts owing to individual horsemen as a result of the default by Assiniboia Downs 1981 Ltd. In addition a letter of understanding dated August 7, 1982 from the H.P.B.A. provided that the H.P.B.A. would reimburse the Commission for the 1982 purse overpayments incurred by Winnipeg Racing Ltd., which were paid by the Commission. The July 21, 1982 agreement further provided that surplus funds of Winnipeg Racing Ltd. would reduce the amount owing to the Commission. The original amount receivable of $277,589 was reduced by payments from these organizations to $47,653 as at March 31, 1986.

During the year ended March 31, 1987 the Commission negotiated an arrangement with Assiniboia Downs and the Horsemen's groups whereby the Commission would forgive the balance receivable of $47,653 upon satisfactory completion of certain capital improvements in the backstretch by October 1, 1987 which would benefit all horsemen. The Commission appropriated a reserve of $47,653 from funds available for future operations to reflect this arrangement.

However, the Commission has not abandoned its rights to recover the balance receivable in the event that the arrangement made with the Assiniboia Downs and the Horsemen's groups is not satisfactorily completed.

4. Fees, licences and fines

	1987	1986
Thoroughbred		
Daily licences	$ 33,000	$ 32,400
Fees and licences	52,135	52,177
Fines	5,390	4,015
	90,525	88,592
Standardbred		
Daily licences	28,200	28,650
Fees and licences	10,980	12,685
Fines	14,190	12,125
	53,370	53,460
	$ 143,895	$ 142,052

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 1987

5. Contingent liabilities

The Manitoba Court of Appeal ruled in favour of the Commission with respect to two legal matters. One of the respondents has applied to The Supreme Court of Canada for leave to appeal the decision of The Manitoba Court of Appeal and the other respondent has indicated an intention to apply for leave to appeal. The Commission has instructed its legal counsel to oppose any applications for leave to appeal. The Commission has recorded a provision of $8,250 in the Reserve for Future Costs to provide for legal costs which may be associated with these actions.